

**CITY OF SAN DIEGO**  
**Hillcrest Commercial Core Maintenance Assessment District**

**ENGINEER'S REPORT**  
Fiscal Year 2006-07

Under provisions of the  
San Diego Maintenance Assessment District Ordinance  
Of the San Diego Municipal Code

and the  
Landscaping and Lighting Act of 1972  
California Streets and Highway Code

January  
2006

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## ***I. SUMMARY***

**Project:** Proposed Hillcrest Commercial Core Maintenance Assessment District

**Overview:** The Hillcrest Commercial Core Maintenance Assessment District (the District) would provide a local, ongoing funding source for services and improvements in the District generally described cleaning, security, debris removal and maintenance of public resources.

**Services Funded:** The District will fund and provide the following improvements/maintenance services:

- ❑ Public Rights of Way and Sidewalk Operations (PROWSO) including:
  - Daily trash cans emptying
  - Sidewalk steam cleaning and gum removal
  - Security Services
  - Daily removal of debris
  - Daily removal of litter
  - Tree maintenance
- ❑ Special Projects and Capital Improvements including:
  - Acquisition of Litter Containers
- ❑ Administration/Corporate Operations/Outreach including:
  - District management
  - Overseeing of contracts
  - Relations with City and Council office
  - Relations with property owners
  - Relationship with Redevelopment Agency, Community Planning Groups and Hillcrest Business Improvement District (BID)
  - Insurance
  - Legal and accounting
  - Office related expenses
- ❑ Contingency/Incidentals including:
  - City costs including assessment administration, assessment enrollments, budget monitoring, etc.
  - County costs
  - Delinquencies
  - Reserve funds
  - Miscellaneous

**Oversight:** The assessments would be overseen by the City of San Diego and would be managed by the Hillcrest Business Improvement Association Inc. which is a private non-profit business organization established in 1984 with the specific purpose of strengthening the business and living environment of the Hillcrest area of the City of San Diego.

The Hillcrest Business Improvement Association represents over 1,200 businesses.

**Location:** The District is generally described as the Hillcrest Commercial Core. The location of the District is depicted on the map and Assessment Diagram within this Report.

**Apportionment Method:** Lot/Building Square Footage (BSF) - 50% of Budget  
 Linear Foot of Street Frontage (LFF) – 50% of Budget  
 Zone of Benefit A – Parcels with street trees  
 Zone of Benefit B – Parcels without street trees

**Proposed Assessments:**

	Zone A	Zone B	Totals	
<b>Total Parcels Assessed</b>	8	69	77	
<b><u>MEASURED QUANTITIES</u></b>				
<b>LFF</b>	1,191	5,729	6,920	
<b>BSF <sup>(1)</sup></b>	117,597	377,413	495,010	
<b><u>UNIT ASSESSMENT RATES <sup>(2)</sup></u></b>				
<b>\$/LFF</b>	\$7.187448	\$6.356214		
<b>\$/BSF</b>	\$0.097275	\$0.088857		
<b><u>ESTIMATED ASSESSMENT REVENUE <sup>(3)</sup></u></b>				
<b>LFF Revenue</b>	\$8,560	\$36,415	\$44,975	50%
<b>BSF Revenue</b>	\$11,439	\$33,536	\$44,975	50%
<b>Total Estimated Assessment Budget</b>	\$19,999	\$69,951	\$89,950	100%

(1) For parking lots and vacant parcels, 1/3 of the lot square footage is used for building square footage

(2) Estimated revenues shown are for the City's Fiscal Year 2006-07, which begins July 1, 2006 and ends June 30, 2007. These are the maximum authorized assessments for that Fiscal Year. The maximum authorized rate is subject to future cost indexing provisions set forth in this Assessment Engineer's Report.

(3) Total Parcels Assessed, Total Estimated Assessment, and Total Number of LFF and BSF may vary from one fiscal year to the next due to parcel changes.

**Annual Cost Indexing:** If the assessments are approved, in future years the assessment rate may not increase by more than 5% per year. In addition the assessment for any property may change, up or down, if the total building area for the parcel increases or decreases.

**Bonds:** No bonds will be issued in connection with this District.

**District Formation:**

The District and assessments are proposed and require property owner approval in an assessment ballot proceeding. Formation proceedings are scheduled to be staged in early 2006. By a ballot proceeding, a majority of property owners (greater than 50 % of the weighted vote of returned ballots) must approve the District establishment and maximum authorized assessments, and provisions for annual cost indexing.

## **II. INTRODUCTION**

In Fiscal Year 2005-06, the City of San Diego was petitioned by property owners in the Hillcrest area asking the City to form a new assessment district to fund the maintenance, improvement and servicing of landscaping, sidewalk and gutter sweeping, sidewalk washing, regular security patrols, trash removal and graffiti abatement generally along University Avenue from First Avenue to Sixth Avenue and encompassing Washington to Pennsylvania Streets, and Fourth Avenue to Sixth Avenue.. This new proposed assessment district was named the "Hillcrest Commercial Core Maintenance Assessment District" (the "District").

After receiving and reviewing this petition, the City plans to conduct an assessment ballot proceeding that will allow property owners in the District to ultimately decide if the proposed assessments should be levied and the services and improvements they would fund should be provided.

The City of San Diego will be conducting formation proceedings for the proposed Hillcrest Commercial Core Maintenance Assessment District (the "District") in early 2006. If, following a favorable weighted majority Proposition 218 balloting procedure, and an affirmative vote of the City Council of the City of San Diego (the "City"), the District would be established with funding beginning in early Fiscal Year 2006-07.

The purpose of the District is to provide funding for:

- Increased security services
- Debris and litter removal
- Enhanced litter containers
- Leaf sweeping and debris removal
- Steam cleaning of sidewalks
- Increased trash pick-up
- Trimming of street trees

The District has been structured around this priority of improvements, maintenance, and security services.

This Engineer's Report was prepared to provide a framework and requirements for the proposed assessments, to establish the budget for the services that would be funded by the proposed assessments, to summarize the benefits received by property in the District from the services and improvements funded by the assessments and to establish the method of assessment apportionment of the assessment to lots and parcels in the District. This Report and the proposed assessments have been made pursuant to provisions of the San Diego Maintenance Assessment District Procedural Ordinance of 1986 (the "Ordinance"), provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the *California Streets and Highways Code* (the "Act") and Article XIID of the California Constitution (the "Article").

The proposed assessments are subject to an annual increase tied to the annual change in the Consumer Price Index (CPI) for the San Diego Area with the maximum annual adjustment not to exceed 5%. In the event that the annual change in the CPI exceeds

5%, a percentage change in excess of 5% can be cumulatively reserved and can be added to the annual change in the CPI for years in which the CPI change is less than 5%.

Upon preliminary approval of this report by the City Council, this report will be filed with the City Clerk, a time and place for a public hearing will be set and the mailing of notices and ballots to all property owners in the proposed District will be requested. After this Council action, the notices and ballots will be prepared and mailed. A minimum 45-day period must be provided for the return of the ballots prior to the public hearing which will conclude the balloting period.

A public hearing will be scheduled where public testimony will be heard by the City Council. The public hearing will include presentation and consideration of this report, hearing of public testimony, and recordation of affirmative and protest votes. After conclusion of the public hearing, a tabulation of affirmative and protest votes will be declared.

If a majority of ballots cast by parcel owners, weighted in accordance with the proposed District assessment for each parcel, are affirmative, the City Council may, at its discretion, proceed to confirm the new assessments and order the assessments to be levied as proposed in this Report. If the assessments are so confirmed and levied, they will be submitted to the County Auditor and will provide funding for the services described in this Report.

### **III. PLANS & SPECIFICATIONS**

The proposed Hillcrest Commercial Core Maintenance Assessment District (the "District") is being formed to fund improvements to the appearance, identity, continuity, sense of place, economic vitality, desirability, and aesthetic appeal of property in the District. The District area is located within the core business district of the Hillcrest area. The work and improvements proposed to be undertaken by the District and the cost thereof paid from the levy of the annual assessment provide special benefit to Assessor Parcels within the District as defined in the Method of Assessment herein. Consistent with the Maintenance Assessment District Ordinance of the City of San Diego the services and improvements are generally described as follows:

Installation, maintenance and servicing of public improvements and incidental expenses, including but not limited to landscaping, sprinkler systems, shrubs and trees, sidewalks, gutters, water, street lighting, signage and materials, supplies, utilities and equipment, as applicable, for property within the District, and any incidental costs thereto. Any plans and specifications for these improvements will be filed with the Project Manager of the City of San Diego Community and Economic Development Department (the "Project Manager") and are incorporated herein by reference.

As applied herein, "maintenance" means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any improvement, including repair, removal or replacement of all or any part of any improvement; providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, collection and disposal of fallen branches and trees, tree and bush trimming, fertilizing, or treating for disease or injury; the removal of trimmings, rubbish, debris, and other solid waste, ongoing inspection and repairs and labor, sidewalk and gutter cleaning and sweeping, placement of street furniture, banner installation, security services, including homeless patrolling and reporting of security and safety problems to governmental agencies, and the cleaning, sandblasting, and painting of walls, and other improvements to remove or cover graffiti.

"Servicing" means the furnishing of electric current, or energy, gas or other illuminating agent for any public lighting facilities or for the lighting or operation of any other improvements; or water for the irrigation of any landscaping, the operation of any fountains, or the maintenance of any other improvements.

"Incidental expenses" include all of the following: (a) The costs of preparation of the report, including plans, specifications, estimates, diagram, and assessment; (b) the costs of printing, advertising, and the giving of published, posted, and mailed notices; (c) compensation payable to the County for collection of assessments; (d) compensation of any engineer or attorney employed to render services in proceedings pursuant to this part; (e) any other expenses incidental to the construction, installation, or maintenance and servicing of the Improvements; (f) any expenses incidental to the issuance of bonds or notes pursuant to Section 22662.5 of the Streets and Highways Code; and (g) costs associated with any elections or ballot procedures held for the approval of a new or increased assessment.



#### **IV. FISCAL YEAR 2006-07 ESTIMATE OF COST AND BUDGET**

	FY 06-07 PROPOSED
<b>BEGINNING BALANCE</b>	<b>\$0</b>
<b>Revenue</b>	
Assessments	<b>\$89,950</b>
Interest	<b>\$0</b>
<b>TOTAL OPERATING REVENUE</b>	<b>\$89,950</b>
<b>TOTAL REVENUE AND BALANCE</b>	<b>\$89,950</b>
<b>Activities and Services Expense <sup>1</sup></b>	
Personnel	<b>\$0</b>
Contractual	<b>\$65,575</b>
Utilities	<b>\$0</b>
Incidentals	
Administration <sup>2</sup>	<b>\$13,165</b>
<b>Subtotal Activities and Services Expense</b>	<b>\$78,740</b>
<b>Likely One-Time Costs <sup>3</sup></b>	
Special Projects	<b>\$3,750</b>
Balloting and Formation	<b>\$5,000</b>
Contingency Reserve	<b>\$2,460</b>
<b>Subtotal Expense</b>	<b>\$11,210</b>
<b>TOTAL EXPENSE</b>	<b>\$89,950</b>
<b>BALANCE</b>	<b>\$0</b>

**Notes:**

1. If the assessments are approved, services would commence in January 2007. The budget contemplates services commencing on this date and being funded through December 2007

2. Includes 4% City Administration Fee, which is for administrative services including calculating and enrolling assessments with the County Assessor's Office; providing direct management support and advocacy; district budget input and review; analyzing and updating budgets; processing reimbursements; issuing manual billings; providing information technology and communication support; and providing professional support from the City Attorney's Office, City Auditor and Comptroller's Office, and City Purchasing Agent. Administration responsibilities may also include meeting with property owners to explain how assessments are calculated and expended; and responding to numerous other property owner/citizen inquiries each month.

3. Likely one-time costs are costs that would be incurred in the first fiscal and likely would not be incurred in future fiscal years. In future years, assessment funds not needed for one-time costs will be available to fund contractual expenses and other improvements and services. Special projects are for the purchase of 15, 50 gallon circular cement litter containers. Balloting and formation is for the one-time assessment formation costs. The contingency reserve funds would only be used in fiscal year 2006-07 if the actual costs of activities and services funded exceed the budget estimates. If actual costs do not exceed estimates, the unused contingency funds would be rolled over to next fiscal year and little, if any, additional contingency reserve may be needed for the next fiscal year.

### Notes on Estimated Costs

## Public Rights of Way and Sidewalk Operations (PROWSO)

## Service Levels

**JANITORIAL SERVICES:**

**BENEFIT ZONE A AND ZONE B:** Frequency, 5 times per week.

- Pick up debris and litter
- Remove fliers
- Sweep leaves
- Dumpsters

Monthly Cost: \$1,678

**Annual Cost** **\$20,136**

**TREE TRIMMING:**

**BENEFIT ZONE A:** Once a year

- Trim 18 Ficus Trees

<b>Annual Cost</b>	<b>\$1,980</b>
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### SECURITY SERVICES:

**BENEFIT ZONE A AND ZONE B:** Frequency, 5 - 7 times per week.

- Two person security patrol

Monthly Cost: \$3,432

**Annual Cost** **\$41,184**

### SIDEWALK CLEANING:

**BENEFIT ZONE A AND ZONE B:** Frequency, 3 times per year.

- Steam cleaning of sidewalks
- Gum removal

<b>Annual Cost</b>	<b>\$11,025</b>
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**Total Estimated Annual Improvements and Services Costs      \$74,325**

**Total Improvements and Services Costs – FY 2006-07<sup>1</sup>                      \$65,575**

### Incidentals and Annual Costs

Administration includes the administrative and overhead costs for the Hillcrest Business Improvement Association (this cost will not exceed 10% of the annual assessment); City administration costs (budgeted at 4% of assessments) include, but not limited to, calculating and enrolling assessments with the County Assessor's Office; providing direct management support and advocacy; district budget input and review; analyzing and updating budgets; processing reimbursements; issuing manual billings; providing information technology and communication support; and providing professional support from the City Attorney's Office, City Auditor and Comptroller's Office, and City Purchasing Agent. City administration responsibilities may also include meeting with property owners to explain how assessments are calculated and expended; and responding to numerous other property owner/citizen inquiries each month. Insurance costs for the services to be funded by the assessments are also included in the administration costs.

<u>Itemized Expense</u>	<u>Estimated Annual Cost</u>
• Insurance (Gen Liability and D & O)	\$ 1,800

1. In fiscal year 2006-07, the improvements and services funded by the assessments are expected to commence around January 2007. Since the services will not be provided for a full fiscal year in 2006-07, the estimated annual costs have been reduced by the estimated amount of one-time costs for special projects and balloting.

- Management Fee (10%) \$ 8,000
- City Administration Fee (4%) \$ 3,365

**Total Estimated Incidental Expenses = \$ 13,165 per year;**

**Total Estimated FY2006-07 Expenses = \$ 78,740**

### **Likely One-Time Costs**

Likely one-time costs are costs that would be incurred in the first fiscal and likely would not be incurred in future years.

Balloting and formation costs are likely one-time costs for the assessment engineering, balloting and tabulation costs associated with the assessment ballot proceeding, Engineer's Report and other costs related to the assessment formation and approval.

Special Projects will be used for special one-time purchases such as 15, 50 gallon, circular, heavy duty cement litter receptacles.

A small contingency fund is included to build a reserve for the District for funding emergency needs, constructing minor capital improvements, and ensuring sufficient cash at all times during the year. If this contingency reserve is not used, it may be used to fund improvements and services in future fiscal years.

Below are the estimated likely one-time costs for Fiscal Year 2006-07.

- Litter Containers \$ 3,750
- Balloting and Formation Cost (one time expense) \$ 5,000
- Contingency Reserve \$ 2,460

**Total Estimated Likely One-Time Expenses = \$ 11,210**

**Total Fiscal Year 2006-07 Expense to Assessments = \$ 89,950**

## **V. METHOD OF APPORTIONMENT**

This section of the Engineer's Report includes an explanation of the benefits derived from the maintenance, services and improvements provided by the District and the methodology used to apportion the total assessment to properties within the District.

The Proposed District boundary is presented in Section IX. The method used for apportioning the assessment is based upon the proportional special benefits to be derived by the properties in the District, over and above general benefits conferred on real property or to the public at large. The apportionment of special benefit is a two step process: the first step is to identify the types of special benefit arising from the improvements, and the second step is to allocate the assessments to property based on the estimated relative special benefit for each type of property.

### **A. Discussion of Benefit**

In summary, the assessments can only be levied based on the special benefit to property. This benefit is received by property over and above any general benefits. Moreover, such benefit is not based on any one property owner's use of the District's setback landscaping or a property owner's specific demographic status. With reference to the requirements for assessments, Section 22573 of the Landscaping and Lighting Act of 1972 states:

*"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."*

Proposition 218, as codified in Article XIID of the California Constitution, has confirmed that assessments must be based on the special benefit to property:

*"No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."*

The following benefit categories summarize the types of special benefit to residential, commercial, industrial and other lots and parcels resulting from the maintenance, services and improvements to be provided with the assessment proceeds. These categories of special benefit are derived from the statutes passed by the California Legislature and other studies which describe the types of special benefit received by property from services and improvements such as those proposed by the City of San Diego Hillcrest Commercial Core Maintenance Assessment District. These types of special benefit are summarized as follows:

- A. Enhanced visual aesthetics of the commercial business district.
- B. Increased economic opportunity.
- C. Creating a sense of community identity and pride.

- D. Enhanced quality of life and desirability of the area.
- E. Enhanced safety and utility of property
- F. Enhanced image for properties in the District
- G. Specific enhancement of property values.

These benefit factors, when applied to property in the District, specifically increase the utility and value of the land within the District, which is a distinct and special benefit to property in the District. In addition, the maintenance services funded by the assessments enhance safety and security of customers, residents and guests, which specifically enhances the value of the properties in the District, which is another distinct and special benefit to property in the District.

### ***B. Service Frequencies by Benefit Zone***

The Table 1 details the levels of services by Benefit Zone.

**Table 1:**

<i>Service</i>	<i>Frequency of Benefit Zone A</i>	<i>Frequency of Benefit Zone B</i>
<b>Public Rights of Way and Sidewalk Operations/Beautification</b>		
a. Janitorial Services	5 days per week	5 days per week
b. Tree Trimming	Annual	N/A
c. Security Services	5 - 7 days per week	5 - 7 days per Week
d. Sidewalk steam cleaning (*based upon City's new stringent standards)	3 times a year	3 times a year
Special Projects: Acquisition of Litter Containers	As determined, costs expended equally between each Benefit Zone	As determined, costs expended equally between each Benefit Zone
Administration/ Corporate Operations	Monday – Friday	Monday – Friday

### ***C. General versus Special Benefit***

The proceeds from the District will be used to fund the installation, maintenance and servicing of improvements within the District that, in absence of the District, otherwise would not be provided. Properties in the District directly and specifically benefit from the Services, while properties outside the District do not receive the benefit of the Services funded by the District. Therefore, the assessments provide special benefit to property in the various Districts over and above the general benefits conferred by the general facilities of the City, and the Services funded by the District are determined to be exclusively of distinct and special benefit to properties in the District. The State

Legislature has made a similar finding as shown previously: "Assessments levied for the purpose of providing improvements and promoting activities that benefit real property or businesses are not taxes for the general benefit of a city, but are assessments for the improvements and activities which confer special benefits upon the real property or businesses for which the improvements and activities are provided."

The City provides the District with services, resources and contributions including, but not limited to street sweeping, roadway and stormdrain improvement and maintenance, regular trash removal, graffiti removal, parks maintenance and improvement, street lighting, and security, traffic controls and public signage, street medians, public safety and other public services and improvements. Many of these City Services are considered to be incremental services for which the City could charge additional fees or could choose to provide at a reduced level. These City Services and contributions are considered to be a contribution towards property in the District and any potential general benefits from the Services. In summary, the Services funded by the District are determined to be of special benefit to properties in the District. Any general benefits from the Services are determined to be minimal and are more than offset by the significant other services contributions the City provides to property in the District.

#### ***D. Zones of Benefit***

Services and improvements funded by the assessments will be provided at different levels and frequencies as outlined in Table 1. Therefore, two zones of benefit, Zone A and Zone B are established within the District.

#### ***E. Assessment Apportionment***

In preparing the previous Assessment Engineer's Report for the District, the Engineers concluded that the special benefit to each parcel is proportional to the linear street frontage of each parcel plus the area of the parcel and/or the square footage of the improvements constructed upon the parcel.

The special benefits derived from the Services funded by the assessments are conferred on property and are not based on a specific property owner's use and/or enjoyment of the Services. However, it is ultimately people who value the special benefits described in this Report. Further, it is ultimately people who control property values by placing a value on the special benefits from the Services. In other words, the benefits conferred to property are related to the average number of people who could potentially live on, work at, or otherwise could use a property, not how the property is currently used by the present owner. Therefore, the number of people who could or potentially live on, work at or otherwise use a property is an indicator of the relative level of special benefit received by a property. Building size/parcel area and linear frontage are directly correlated with the population density and current or potential usage of property. Therefore, the Services are reasonably related to building size and linear frontage because these factors reflect the relative population density and use of properties.

Since building size/parcel area and linear frontage are both good determinates of relative benefit to property, and since the population density in the Hillcrest area (and height of buildings) is average for an urbanized area, a 50/50 split of the assessments based on building area versus linear frontage is deemed to be reasonable. Therefore,

50% of the assessments are allocated based on area and 50% are allocated based on street frontage.

This apportionment of costs recognizes the relationship between the amount of maintenance work required on those parcels with large frontages and/or larger building area relative to smaller frontages and smaller building area, and therefore levies a proportionally greater assessment on those parcels with a greater frontage or building area than on parcels with a lesser frontage or area. Recognizing the impacts which those parcels with extensive improvements (and higher occupancy/use) place on the District, undeveloped and vacant parcels area assigned an area factor of one-third of the parcel area.

We find that this apportionment approach reasonably allocates the assessments based on the special benefit received by each parcel. Therefore, assessments have been apportioned to each benefiting parcel within each zone utilizing an assessment apportionment methodology as described above. The assessments and cost of Services are allocated based on the following schedule:

- Fifty percent (50%) of the total amount assessed apportioned to each parcel within a zone based upon linear feet of street frontage; and
- Fifty percent (50%) of the total amount assessed spread to each parcel within a zone based upon the parcel's building square footage if improved, or 1/3<sup>rd</sup> of the parcel area if undeveloped.

This apportionment of costs recognizes the relationship between the amount of maintenance work required on those parcels with large frontages, and therefore levies a proportionally greater assessment on those parcels with a greater frontage than on parcels with a lesser frontage.

Similarly, recognizing the impacts which those parcels with extensive improvements place on the district, a portion of the assessment has based upon building square footage or 1/3<sup>rd</sup> of parcel area for undeveloped parcels, since those parcels with extensive improvements receive a greater benefit from the enhanced maintenance services funded by the assessment.

An assessment has been levied upon each publicly owned parcel in the same manner as privately owned property. Each publicly owned parcel, except parks or designated open space area, has been assessed on the same basis as other parcels within the District.

#### ***F. Annual Cost Indexing***

The proposed assessments are subject to an annual increase tied to the annual change in the Consumer Price Index (CPI) for the San Diego Area with the maximum annual adjustment not to exceed 5%. In the event that the annual change in the CPI exceeds 5%, a percentage change in excess of 5% can be cumulatively reserved and can be added to the annual change in the CPI for years in which the CPI change is less than 5%. Annual cost indexing allows for minor increases for normal maintenance and operating cost escalation without incurring the costs of additional Proposition 218 ballot



proceedings. Any significant change in the assessment initiated by an increase in service provided or other significant changes to the District would still require the Proposition 218 proceedings and property owner approval.

## **VI. ASSESSMENT**

**WHEREAS**, the City of San Diego, County of San Diego, California, pursuant to the provisions of the Ordinance, the Act and the Article directed the undersigned Engineer of Work to prepare and file a report presenting an estimate of costs, a diagram for the assessment district and an assessment of the estimated costs of the improvements upon all assessable parcels within the assessment district, to which Resolution and the description of said proposed improvements therein contained, reference is hereby made for further particulars;

**NOW, THEREFORE**, the undersigned, by virtue of the power vested in me under said Ordinance, Act and Article, hereby make the following assessment to cover the portion of the estimated cost of said improvements, and the costs and expenses incidental thereto to be paid by the assessment district.

The amount to be paid for said improvements and the expense incidental thereto by the Hillcrest Commercial Core Maintenance Assessment District for the fiscal year 2006-07 is \$89,950

As required by the Act, Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of said Hillcrest Commercial Core Maintenance Assessment District. The distinctive number of each parcel or lot of land in the District is its Assessor Parcel Number appearing on the Assessment Roll.

And I do hereby assess and apportion said net amount of the cost and expenses of said improvements, including the costs and expenses incident thereto, upon the parcels and lots of land within said District, in accordance with the special benefits to be received by each parcel or lot, from the improvements, and more particularly set forth in the Cost Estimate and Method of Assessment hereto attached and by reference made a part hereof.

The assessments are subject to an annual adjustment tied to the annual change in the SDCPI-U for the proceeding year, not to exceed 5% per year. The maximum authorized assessment rate is defined as the initial fiscal year 2006-07 assessment rate increased by the annual change in the SDCPI-U. In the event that the assessments are levied at a rate below the maximum authorized assessment rate, the assessments can be increased in future years up to the maximum authorized assessment rate without any additional assessment ballot proceeding.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of San Diego for the fiscal year 2006-07. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of said County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Rolls, the amount of the assessment for the fiscal year 2006-07 for

each parcel or lot of land within the said Hillcrest Commercial Core Maintenance Assessment District.

Dated: January , 2006

Engineer of Work

By \_\_\_\_\_  
John W. Bliss, License No. C052091

**CITY OF SAN DIEGO**  
**Hillcrest Commercial Core Maintenance Assessment District**

**VII. CERTIFICATES**

1. The undersigned respectfully submits the enclosed Engineer's Report and does hereby certify that this Engineer's Report, and the Assessment and Assessment Diagram herein, have been prepared by me in accordance with the order of the City Council of the City of San Diego.

\_\_\_\_\_  
Engineer of Work, License No. C052091

2. I, the Clerk of the City Council, City of San Diego, County of San Diego, California, hereby certify that the enclosed Engineer's Report, together with the Assessment and Assessment Diagram thereto attached, was filed and recorded with me on \_\_\_\_\_, 2006.

\_\_\_\_\_  
Clerk of the City Council

3. I, the Clerk of the City Council, City of San Diego, County of San Diego, California, hereby certify that the Assessment in this Engineer's Report was approved and confirmed by the City Council on \_\_\_\_\_, 2006, by Resolution No. \_\_\_\_.

\_\_\_\_\_  
Clerk of the City Council

4. I, the Clerk of the City Council of the City of San Diego, County of San Diego, California, hereby certify that a copy of the Assessment and Assessment Diagram was filed in the office of the County Auditor of the County of San Diego, California, on \_\_\_\_\_, 2006.

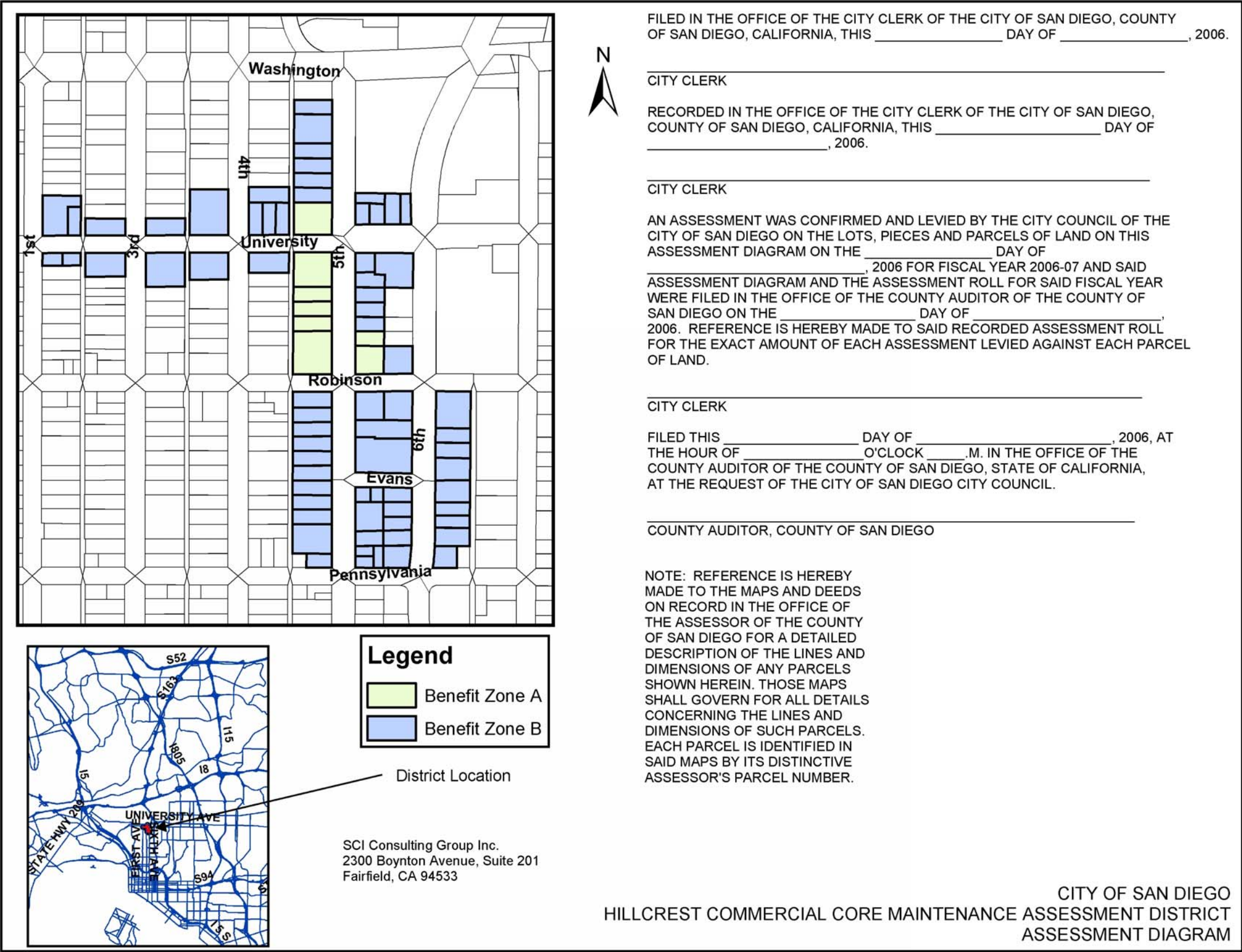
\_\_\_\_\_  
Clerk of the City Council

### ***VIII. Appeals and Interpretation***

Any property owner who feels that the assessment levied on the subject property is in error as a result of incorrect information being used to apply the foregoing method of assessment, may file a written appeal with the Project Manager of the City of San Diego Community and Economic Development Department (the "Project Manager") or his or her designee. Any such appeal is limited to correction of an assessment during the then current or, if before July 1, the upcoming fiscal year. Upon the filing of any such appeal, the Project Manager or his or her designee will promptly review the appeal and any information provided by the property owner. If the Project Manager or his or her designee finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll. If any such changes are approved after the assessment roll has been filed with the County for collection, the Project Manager or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any property owner, who disagrees with the decision of the Project Manager or her or his designee, may refer their appeal to the City Council of the City of San Diego and the decision of the City Council of the City of San Diego shall be final.

IX. Assessment Diagram

The boundaries of the Hillcrest Commercial Core Maintenance Assessment District are displayed on the following Assessment Diagram.



## ***X. Assessment Roll***

The Assessment Roll (a listing of all parcels assessed within the Hillcrest Commercial Core Maintenance Assessment District and the amount of the assessment) will be filed with the Project Manager and is, by reference, made part of this report and is available for public inspection during normal office hours.

Each lot or parcel listed on the Assessment Roll is shown and illustrated on the latest County Assessor records and these records are, by reference made part of this report. These records shall govern for all details concerning the description of the lots or parcels.